

The 2nd International Conference on Business and Banking Innovations (ICOBBI)
“Nurturing Business and Banking Sustainability”
Surabaya, 14th - 15th August 2020

Proceeding Book of
The 2nd International Conference on Business and Banking Innovations
(ICOBBI) 2020
“Nurturing Business and Banking Sustainability”
Surabaya, 14 - 15th August 2020

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Indonesia**

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2nd International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2nd International Conference on Business and Banking Innovations was held on 14th – 15th August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program
STIE Perbanas Surabaya

Prof. Dr. Tatik Suryani, M.M.

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Business Model Analysis: A Study Case in Wood Pellet Industry

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ABSTRACT

The use of wood pellets as renewable energy is being developed to reduce the use of fossil fuels. Indonesia has a great opportunity for becoming a wood pellet producer with the wealth of its natural resources. This opportunity developed by this wood pellet company in 2019, which currently has a wood pellet production capacity with an average of 800 tons per month and already has its own export customers. In the last four months, the company turnover decreased by an average of 9%, to solve this problem and to increase the company's competitiveness, an analysis of the business model currently has applied. The method used in this research is the integration between SWOT analysis and the Business Model Canvas to analyze the company's business model currently. The results of this study is a new business model that has been analyzed and it is more effective than the first business model, so it can be implement to increase the turnover and company competitiveness. Based on the results, it founded that managerial implication projects an increasement in company turnover by two percent per month within the next one year which is validated through FGD with managerial ranks.

1. INTRODUCTION

The potential for wood pellet trade to the world has enormous potential. This limitation of natural resources has made the South Korean economy very dependent on imports of oil and gas products from various parts of the world, including Indonesia. Apart from oil and gas products, South Korea also imports goods to support replaceable energy sources, such as wood products. Indonesia has a great opportunity to be able to develop the wood pellet industry and increase its capabilities to become a highly competitive wood pellet supplier that is no less than other countries.

Starting from a discussion with my colleague who has the responsibility of being the head of a factory in a company that is only two years old, the company, which has an average capacity of 500 tons per month, faces many challenges in achieving the company's target of meeting market needs. After digging deeper into the information, this company does not yet have a business model that has not been standardized to run in its business processes. In the last few months, the company has experienced a decline in profits which of course could have an impact on future competitiveness if it continues. So that in an effort to maximize company performance, it is necessary to evaluate the business model to find the causes of constraints that can affect the ongoing business processes in this company.

Based on the problems described above, the author intends to analyze the company's current business model against the company's needs and constraints in depth to find out whether the business model and the steps taken so far by corporate parties are correct by determining the initial business model it has. companies currently use the Business Model Canvas method. After it is known that the business model is carried out further development so that it can be analyzed using a SWOT analysis that can be validated through FGD with internal companies. With this research, it can provide advice to companies in determining a better and more comprehensive business model than the current company strategy so that it can solve current problems in increasing competitiveness and increasing company profits which have experienced a decline.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Based on all previous research studies, finding the gap aspect of previous research (research gap) is an important aspect that makes me interested in discussing business model analysis in a company because there are gaps in previous research that can be developed with almost the same method to solve problems

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that have characteristics. Almost the same as previous research. There are still many previous studies using only one method or 2 methods but the results are still not optimal, whereas it can be developed by using various methods or several methods to study a topic in the research to be carried out. As with previous studies that have a method that is suitable with current research, but there are still gaps to be developed in different fields and similar problems, entitled "Business model in marketplace industry using a business model canvas approach: An e-commerce case study" which discusses business models in the marketplace industry with 2 methods, namely SWOT and BMC analysis, but it does not explain the development of the company's initial business model for further analysis in order to carry out continuous improvement and further analyze the results. In other research studies, I only discuss using one method to analyze business models and strategies which I use as a reference to find out more about the methods to be used in this study.

3. RESEARCH METHOD

The Research Design

The research design is a research blueprint that is used to achieve the research objectives. (Malhora 2006) states that research design is an important procedure for the information needed to construct research problems. This research is a case study of this company in improving the condition of the company as well as being useful for the author to study business strategy in the company. The nature of the research used is exploratory where the making of a business strategy at the company has never been done comprehensively before. Exploratory research is a form of qualitative research that aims to find out what is a good solution to improve things. In this study, it is known that there is a decrease in company profits due to decreased sales. The company hopes to increase sales so that it can increase profits. There are various kinds of strategic choices that companies can take, but they are still not clearly known. Therefore, research is exploratory because it identifies problems and carries out in-depth evaluations to find the best solutions

Data Collection

Data collection needed to support the implementation of this research is primary data and secondary data. Primary data in this study will be the result of interviews with several parties who have roles or positions in the company, direct observation, and internal company surveys. In conducting interviews, the following are the sources selected in this study, namely the Director of the Company, the Head of the Factory, the Head of the Production Division, the Head of the Marketing Division and the Administration Division. Secondary data of the company are taken from several sources, including internal company data, journals and articles. Data can be in the form of analysis results and hypotheses that are combined and filtered according to relevance to research writing.

Data Processing dan Analysis

In this qualitative research, data processing and analysis uses several theories put forward in previous writings. The data processing in this study contains two stages in answering the problems in this study, including problem identification, analysis of the company's internal and external conditions through the results of the Redesign Business Model Canvas and SWOT analysis. SWOT analysis and pairwise comparisons are also used on the nine elements of the Business Model Canvas to formulate and prioritize strategies for each of the wood pellet industry business developments, and they are then used to build and improve the current Business Model Canvas. In identifying the company's business model which is currently implementing its own business model, identification is carried out through the nine elements of the Business Model Canvas, namely the customer segment, the value proposition. Customer relationship channels, revenue streams, key resources, key activities, key partners, and cost structure. Therefore, the next step is to conduct a SWOT analysis on the nine elements of the Canvas Model Business where they are a mixture of the internal and external conditions of the wood pellet industry. The identification of strategies that the company is currently implementing and the formulation of alternative business development strategies are obtained from the SWOT matrix by matching strengths and opportunities (SO Strategy), strengths and threats (ST Strategy). Weaknesses and opportunities (WO strategy). As well as weaknesses and threats (WT strategy). So as to produce a description of the identification of business strategies that are being implemented by the company to find out more about what factors are causing the problems currently facing the company and alternative corporate strategies that can be a solution to these problems.

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4. DATA ANALYSIS AND DISCUSSION

Business Model Canvas of PT Bunga Mekar Industri

The identification results of the nine elements of PT Bunga Mekar Industri were obtained from the results of observations and Focus Group Discussions on internal respondents, especially at the managerial level. The nine elements are interconnected and provide a general image of the company. Customers Segment: Customers served by this company are domestic and international customers in the industrial sector that use coal-fired machines to switch to biomass made from wood pellets. Animal bedding is used as bedding for livestock which is more inclined to international markets such as China, Japan and Australia. Investors are a part that is no less important in helping the growth and development of this company, which certainly expects reciprocity. Value Proposition: There are several value propositions contained in this company, namely in terms of product types, product quality, and product prices. Channel: What this company has done so far in its business is joining the business community that is engaged in production and export. wood pellets, attend workshops and collaborate with government agencies. Customer Relationship: Serving and always providing fast and good feedback is a form of reaching relationships with customers. In terms of products in order to maintain customer satisfaction, always try to maintain product quality and can meet customer demands. Revenue Stream: The revenue stream results are obtained from the sale of wood pellets. Key Resource: Has assets in the form of 20,000 m² of land built by a factory with a production capacity of 1000-2500 tons / month, an office as an information and administration center, all equipment and machinery related to the production process, competent human resources. Key Activities: These are things a company does in order to operate smoothly. Starting from the process of selecting and purchasing raw materials in the form of sawdust and used wood from wood cutting sites and wood processing plants which are then produced into wood pellets according to the standards requested by the customer which are packed in jumbo bags with a capacity of 1 ton. After it has been produced, the product can be marketed to distributors and customers directly for local markets such as the island of Java and abroad such as Korea, China, Japan and Australia. Key Partnership: establish good cooperation with sawmills and wood processing factories in the Jember and Bondowoso regions which are the main and largest providers of raw materials in the form of sawdust and used wood which are included in factories, suppliers of jumbo bags to meet product packaging needs after completion processed, the forwarder and trucking parties to support the logistical needs of raw materials to the factory to the delivery of products from the factory to customers, the wood pellet business community and government agencies such as Disperindag which help bridge companies with potential customers. Cost Structure: Investment and development costs are the largest costs incurred in order to fulfill the equipment or machines that support the production process with greater capacity, then there are employee salaries and operational costs incurred each month.

Business Model Canvas Development

The addition and improvement of the previous business model has undergone a development carried out by PT Bunga Mekar Industri after passing the FGD, analysis and evaluation of the previous business model. Following are the results of developing 9 BMC elements from the previous business model. Customer Segment: The importance of realizing the market potential that can be expanded by identifying the right number and nature of market segments and deciding which ones to target in order to increase the company's competitiveness and profit. In determining customer segmentation, it can be done by using a segmentation, targeting, and positioning (STP) strategy. Value Proposition: there is a need for a brand to be used for various products in accordance with the segmentation to be achieved to facilitate the product marketing process and be easy for customers to remember. Branding can also help increase customer confidence in the products to be purchased, besides the need to increase customer confidence regarding security and ease of transactions. Channels: Following technological developments has many conveniences and advantages in the business world, especially in terms of marketing that can be done online so that it can reach customers without time and space limits, customers can more easily reach companies through market places or websites if someone needs wood pellets. Customer Relationship: To maintain the value of products that are trusted by customers, it is necessary to innovate in terms of maintaining good relationships with customers, this company should prepare attractive promotions on a regular basis. Revenue Stream: With the development of customer segments, value propositions, channels, key resources, key activities and key partnerships, it is hoped that the company's revenue stream will increase. Key Resources: Have a

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website and a marketplace account to serve as a forum for information about company profiles and detailed product information. Key Activities: provide training to employees according to their job desks to maintain product quality, service, and maximize the use of existing online media so that sales can increase. Key Partnership: with the existence of an online marketing system through websites and marketplaces, it is necessary to start cooperation with a payment gateway company that can guarantee convenience and security in transactions for companies and customers themselves. Adding relationships with parties that provide training programs in accordance with the existing jobdesk in order to improve and maintain the competence of employees. Cost Structure: Costs increase with increasing activities carried out. In the development of BMC, there is an additional marketing cost because an online system applies which requires product advertising costs and training costs to improve employee competence in order to support the development of all elements in BMC.

SWOT Analysis on BMC Development Results

The use of a SWOT analysis after developing a business model can see in more detail what can be considered in the 9 main elements in the company's canvas business model. In the customer segment, it can be seen that this wood pellet commodity has the strength to be targeted at very specific business fields, namely the manufacturing industry and livestock sector with a wide customer network. Although it is only limited in a few areas, the demand for biomass in the future will certainly increase because fossil fuels will certainly have a period of not being used anymore to switch to natural resources that are more environmentally friendly, so it is undeniable that in the future many are interested in making similar businesses and have the potential to become competitors. Analysis on value proposition is the company's main capital in attracting customers to make transactions in this company by convincing customers through quality consistency and guaranteed product standards and guaranteed transaction security for local and international customers by working with banks and payment gateway companies that support transactions through online and online marketing for long-term cooperation. The shift from the use of fossil fuels to biomass for the local market seems still insignificant because the awareness of the Indonesian government is still not as if abroad has focused on using biomass so that efforts to increase the value proposition are projected to not have a significant impact even though there is market potential but not too much, this is a weakness in this segment. However, there is nothing wrong with taking an opportunity by doing branding so that it can be easily recognized by the local community, for example, even though the potential of the local market is not so big and it increases the trust of international customers because the legality of the product is guaranteed. In this case, of course, there will be threats from competitors who imitate the strategies implemented by the company and are given innovations which will cause competition to become increasingly tighter, especially if coupled with the support of local government regulations for the use of renewable energy which is still limited. Channel as a pioneer for companies to introduce themselves more widely to potential customers after the analysis, this company has the strength in many business commitment relationships for similar commodities, the assistance of government agencies that are aggressively exporting, and the use of online media at the latest business models. The weakness of the relationship for local market space is not yet strong. The opportunity you have is a wide market share, covering all countries that have manufacturing industries and livestock using animal bedding. The threat to this element is that the local market segmentation has not yet developed as overseas. Customer relationship is the main way to maintain good relationships with customers after building trust, the strength that is possessed is being able to meet customer demand, there are promotions to attract customers to make purchases repeatedly and continuously. However, in carrying out promotions carried out by the marketing team, it definitely requires a large amount of money, this is a weakness in this latest business model so that all promotional activities must adjust to the budget limits that the company has each month. Opportunities that can be taken in this element are being able to get new customers and investors even though the promotion is still limited by the budget, at least this is better than the previous business model and cost efficiency can be carried out so that maximum results remain. The threat that can occur is that if we can maintain good relationships with customers, customers will switch to other competitors. The revenue comes from the sales of the marketing team both conventionally and online media. As in general companies, there are weaknesses in operating funds that have measurable limits so that all company activities can run well and must be managed properly so that costs do not occur beyond the company's ability. If the company's finances in the financial statements and turnover every semester or every year are getting better and increasing, surely investors from within the country

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and abroad will dare to put shares in the company so that it can increase the company's value. The threat that can hinder all of the company's achievements in this element is that payments from customers do not match the payment due date. Key Resources are resources or tools used to support the continuity of activities in the company. Having sufficient physical assets in the form of company operations, online media (website and marketplace) that makes it easy for the marketing team and customers to access information, and a competent workforce are the strengths of the company. The weakness that is owned is for the limited workforce of the MOU. Key Activities are activities that must be carried out to support the business model that has been developed, especially in the three main departments (marketing, factory operations, and HRD) which are the strengths to become a company that is increasingly developing and highly competitive. The weakness of the company is that the number of workers is still not large because the company is still relatively new. Key partners are third parties who are invited to work together to support the running of all operational activities for the better, the strength that the company has for this element is that it has worked together with logistics vendors, training institutions, raw material suppliers, and third parties for a reliable payment system. The weakness is that there is not much information about the users of biomass fuel for the local market. An opportunity that can be exploited is to find information on better and cheaper vendors and suppliers. The threat that can arise, namely the negligence of vendors and partners, can reduce customer trust. The cost structure of the company can be measured properly into its strengths. However, the more activities and innovations that are planned, the higher the costs required.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the results of the analysis and discussion of the conclusions that can be drawn as follows. The company's initial business model focused on market segmentation that was still focused on exports only with a few data customers from the business community and the Industry and Trade Agency using conventional sales techniques and lack of innovation in transaction methods and company activities that could add value proposition to be able to compete with competitors Business model. Development of the previous business model makes the company look more dynamic in marketing its products and providing the best service to customers. This is because the company is expanding market segmentation, especially in the local market without reducing the focus on exports by using online marketing through websites and marketplaces with easy and safe payment systems, adding relationships for local market segmentation, branding products, providing regular promos to candidates. customers or have become customers, and conduct training for all workers in order to maintain product quality and customer satisfaction. Of course, by implementing all these things as the latest business model, it can certainly increase the proportion of the company's value. The results of the analysis on the canvas business model have shown that the nine elements of the business model can be evaluated properly in terms of being vigilant in using new business models to minimize weaknesses in the company or the impact of threats that arise. Managerial implications are obtained based on the results of development analysis a business model with an expansion of market segmentation, monitoring product quality, increasing customer confidence and increasing sales with the expected results in the period August 2020 - January 2021 can consistently increase two percent per month which is used as a measure of the success of implementing new business models that have been developed and analyzed. The suggestions given are based on the research results above, namely Maximizing the potential of the international market and more potential for the local market. Continuously innovating in building relationships with prospective and regular customers with promotions through direct communication and especially on online media (websites and marketplaces) so as not to move to competitors. Cash flow Maintain efficiency because the more innovations and activities the company proposes, the costs will increase. Adding information on relationships and vendors that can provide more benefits than ever for the company. Adding an experienced and professional workforce.

Some of the majerial implications that can be proposed are to test the market share of local MSMEs that use stoves in their business processes, local breeders who have the potential to use animal bedding in their business and distributors in the next 6 months, namely August 2020 - January 2021 as an effort to expand market segmentation which was originally only reach large capacity manufacturing industries and livestock for local and international markets by implementing marketing with online media such as websites and marketplaces. Product quality is an important thing to pay attention to, through the validation of the results of the analysis of business model development with FGD, the decision was made to try to pay attention to providing regular training to each division within 6 months which is expected to improve and main-

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tain employee competence in order to maintain quality products and services. Supported by more intensive education on the excellence and quality of products owned by the company with an online marketing system. Generating attractiveness and increasing customer confidence in products by providing promos and working with payment gateways to support security in transactions with an online system.

Some limitations of the problem in this study are that this research is limited by data obtained from the Wood Pellet Industry from January 2020 to March 2020. This study does not discuss the cost structure in detail on the analysis of the business model using the canvas business model, it only discusses the basics due to the data. regarding the company budget is limited and confidential. This research was completed at the results of the business model analysis with SWOT analysis for the implementation of the business model, so that for matters regarding the design of the business plan in the company, further research is needed.

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